



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 1085 (1951)

October 24, 1984

SUBJECT: Limited Resource Farm Ownership (FO)
and Operating (OL) Loans

TO: All State Directors, Farmer Program Chiefs, FmHA

The implementation of the "set aside" program requires a clarification of our policies and procedures for making and servicing limited resource loans.

The definition of a limited resource (LR) borrower set forth in §§1941.4(g) and 1943.4(g) of FmHA Instructions 1941-A and 1943-A, respectively, was not meant to be an all inclusive list of the problems that an applicant/borrower must face in order to be eligible for LR interest rates.

A major problem confronting many farmers is their inability to service their debt due to lower than expected net income caused in part by high interest rates. Special attention must be directed to assist those family size farm operators who may be forced out of farming for these reasons. The LR loan authority can be used to provide farmers with lower interest rates during a period when these farmers are experiencing temporary debt servicing problems due to conditions beyond their control.

The LR program is designed to include special assistance to the full range of farmers who operate not larger than family farms. Any applicant who qualifies for FO/OL loan assistance or any existing FO/OL borrower can be considered for LR interest rates. For example, some FO/OL borrowers may just need LR loan interest rates to come up with a workable debt restructuring plan. Other FO/OL borrowers may need both LR loan interest rates and a portion of their FmHA debt "set-aside" in order to develop a workable debt restructuring plan. Please see new §1951.41(d) of FmHA Instruction 1951-A for how LR is considered in connection with the special "set-aside."

FO/OL debts owed by FmHA borrowers may be changed to the current LR interest rate if the borrower meets the requirements as set forth in the above-mentioned sections of FmHA Instructions 1941-A and 1943-A and in §1951.25 of FmHA Instruction 1951-A as appropriate. These actions should be processed in accordance with sections 1951.33 and 1951.40 of FmHA Instruction 1951-A.

EXPIRATION DATE: October 31, 1985

FILING INSTRUCTIONS: Preceding
FmHA Instruction 1951-A



Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

1085(1951)

The County Supervisor will document justifications for low-interest rate LR loans in the running record supported by a Farm and Home Plan or other farm budget. As is required by §§1941.4(g) and 1943.4(g) of FmHA Instructions 1941-A and 1943-A, respectively, all such borrowers will need more supervision than regular FO/OL borrowers to reach the loan objectives.

We have the authorizations necessary to assist most of our farm borrowers to stay in business. I expect each of you to use them.

A handwritten signature in cursive script, appearing to read "Charles W. Shuman".

CHARLES W. SHUMAN
Administrator

Sent via electronic mail on Oct. 25, 1984 at 2:44pm by DASD/IMP.
This message should be promptly distributed to all County Supervisors and District Directors.